Asset Management Industry Sector Presentation

March 2016

Overview | Global Industry | Regional Industry | Domestic Industry

Outline

- Global Dynamics
- Regional Industry Dynamics | India
- Domestic Industry

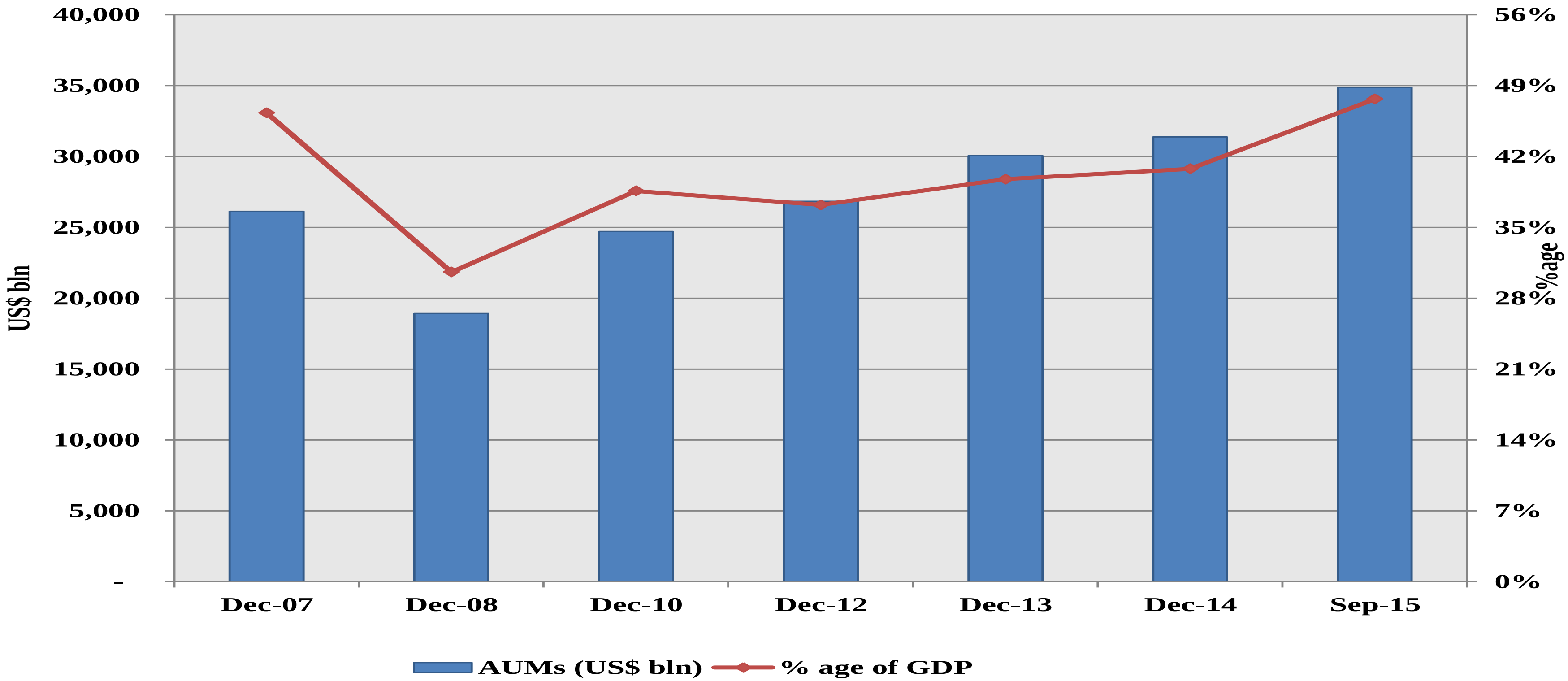
Asset Management – Global Trends

Overview | Global Industry | Regional Industry | Domestic Industry

Asset Management | Global Trends

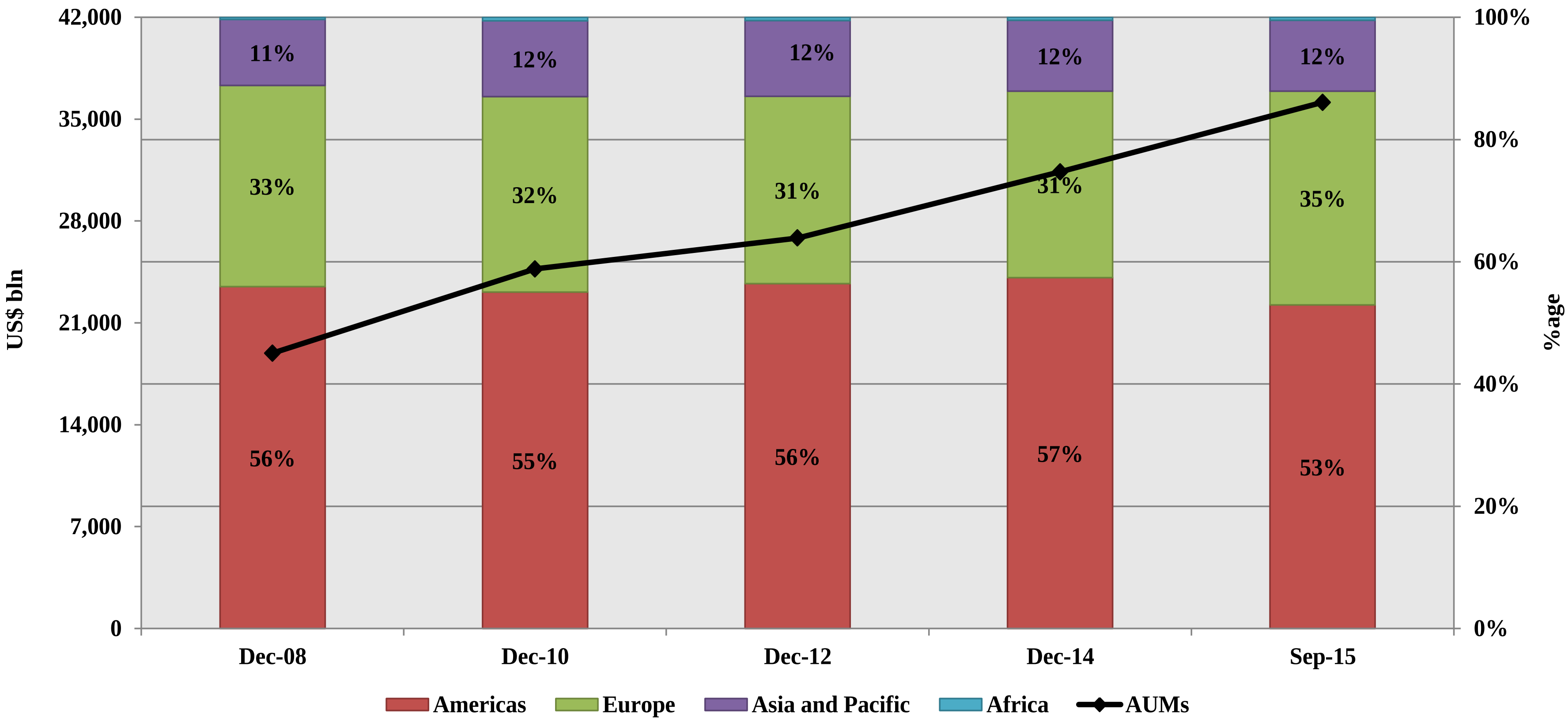
- Consistent growth in global AUMs post 2008 financial crisis
- Global AUMs as a % of GDP reached at the level of 2008 global financial meltdown – (~46%)
- Regional mix of AUMs continue to be dominated by US (53%), followed by Europe (35%)
  - Luxemburg dominates the European mutual fund industry by size due to favourable tax laws
  - AUMs in Asian market is distributed among Australia (33%), Japan (29%) and China (24%)
- High risk equity funds retains the largest pie among the investors in all the major regions
- The largest 10 asset managers represent ~66% of global AUMs

Global AUMs as % of GDP



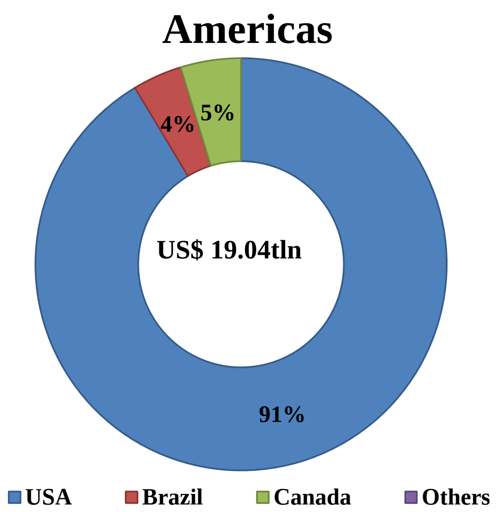
	Dec-07	Dec-08	Dec-10	Dec-12	Dec-13	Dec-14	Sep-15
AUMs (US$ bln)	26,130	18,919	24,710	26,836	30,050	31,381	34,888
% age of GDP	46%	31%	39%	37%	40%	41%	48%
Growth	-	-28%	31%	9%	26%	17%	11%

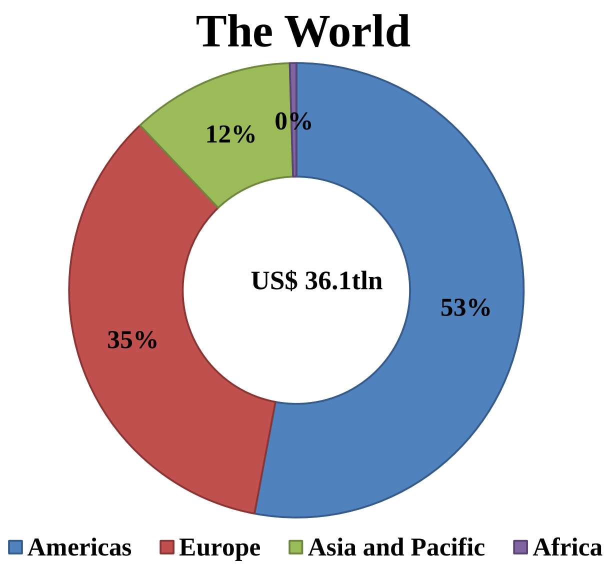
AUMs Regional Mix

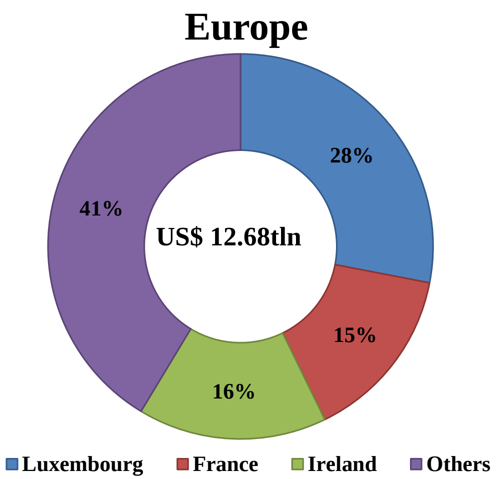


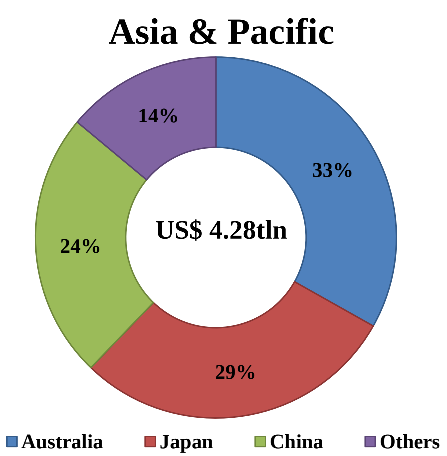
Overview | Global Industry | Regional Industry | Domestic Industry

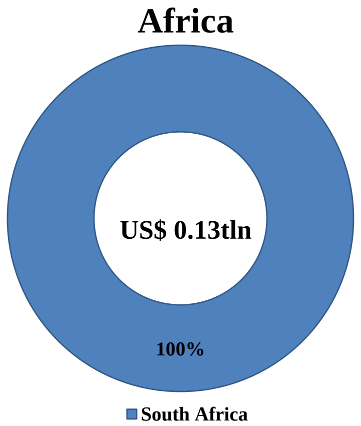
Country Wise AUM Split –Sep 15



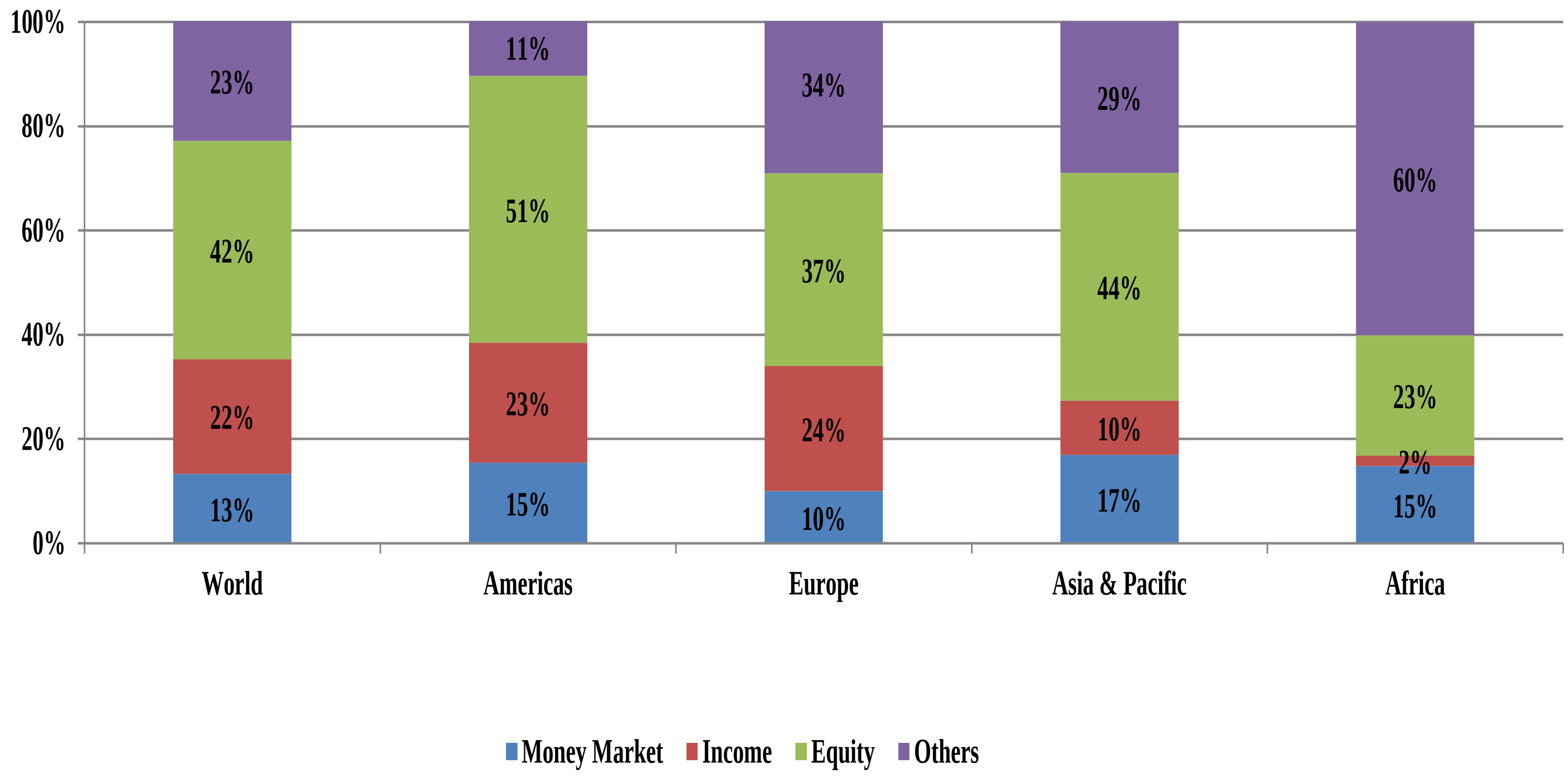








Regional Categorical Split



Best & Worst Capital Markets -2015

Rank	Country	Best Returns
1	Argentina	37%
2	Hungary	31%
3	Jamacia	29%
4	Denmark	28%
5	Malta	23%

Pakistan capital market with 10% returns ranks 19 in the world.

Rank	Country	Worst Returns
1	Colombia	-13%
2	Peru	-12%
3	Bermuda	-10%
4	Bulgeria	-8%
5	Nigeria	-6%

PACRA

World's Largest Asset Managers

Rank	Name	Region	CY13	CY14	CY15
1	BlackRock	U.S.	4.32	4.65	4.77
2	Vanguard Group	U.S.	2.75	3.00	3.15
3	UBS	Switzerland	1.10	2.00	2.72
4	State Street Global	U.S.	2.34	2.40	2.44
5	Fidelity Investments	U.S.	1.71	1.74	2.03
6	Allianz Group	Germany	2.39	1.91	1.95
7	J.P. Morgan Chase	U.S.	1.60	1.70	1.76
8	BNY Mellon Investment Management	U.S.	1.58	1.70	1.74
9	PIMCO	U.S.	1.92	1.27	1.59
10	Credit Agricole Group	France	1.82		1.53

figures in US$ tln

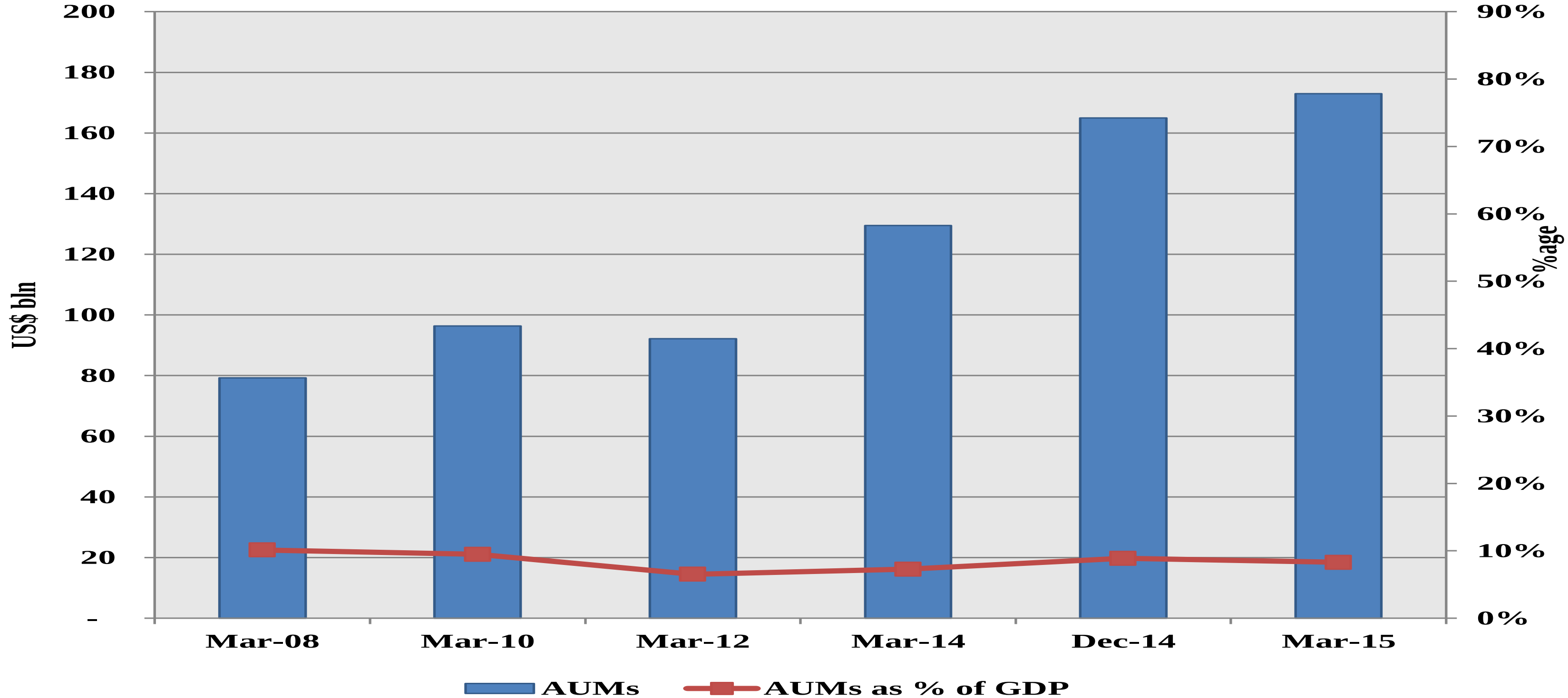
**the AUMs of top10 AMC comprise ~66% of global AUMs*

India –Asset Management Industry

Asset Management | Regional Trends

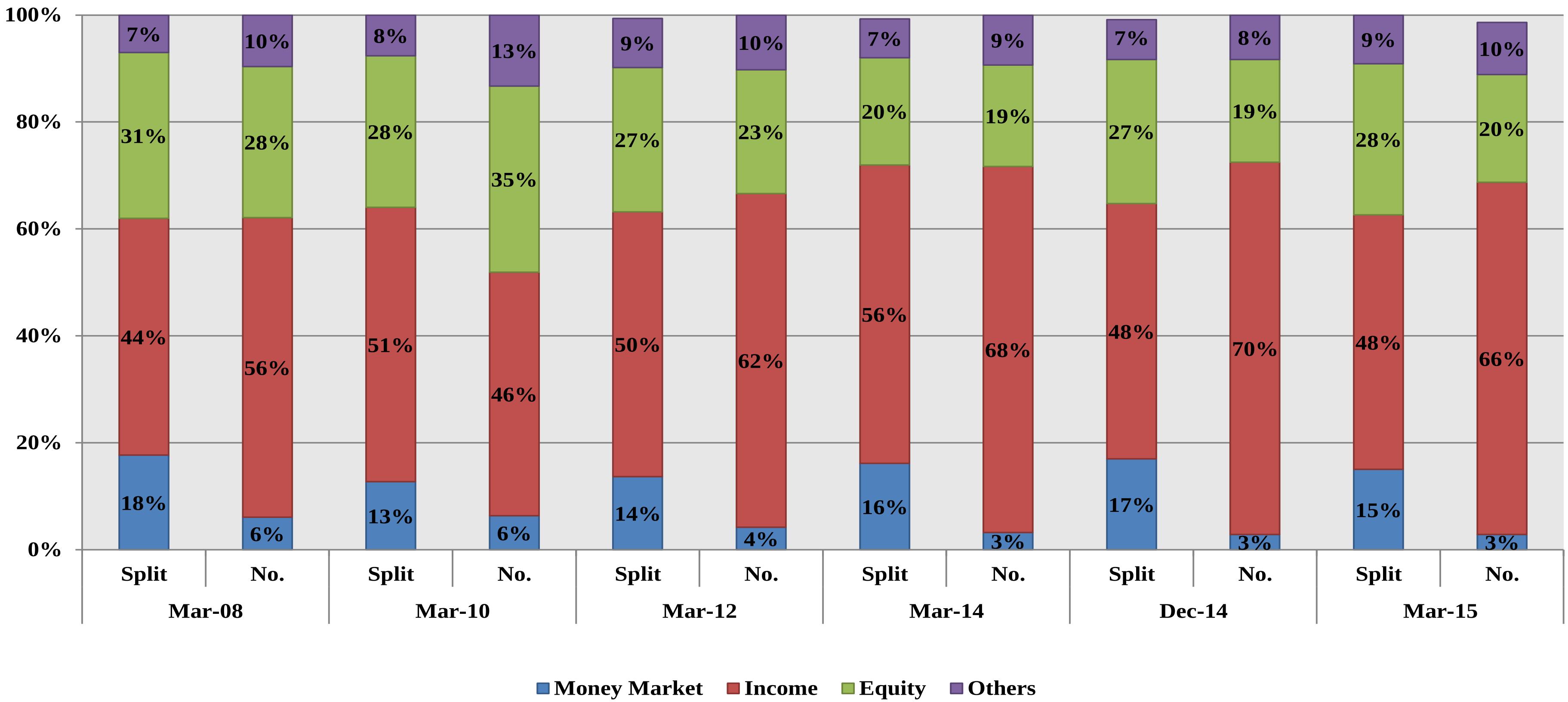
- AUMs showing a rising trend over the past five years
- AUMs as a % of GDP remains at ~9%
- Fixed income funds dominate the overall AUM base highlighting the risk averse investor sentiment
- Sizeable retail penetration in AUMs (USD 76bln – 44%)
- Largest share of retail with equity funds (USD 40bln) followed by Income category (USD 31bln)
- High concentration of AUMs with the largest five players representing ~66%

AUMs as %age of GDP



Figures in US$ bln^	Mar-08	Mar-10	Mar-12	Mar-14	Dec-14	Mar-15
GDP	782	1,016	1,414	1,782	1,856	2,089
AUMs	79	96	92	129	165	173
AUMs as % of GDP	10%	9%	7%	7%	9%	8%

Categories & Number of Funds

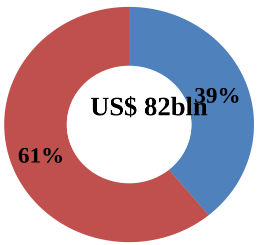


	Mar-08	Mar-10	Mar-12	Mar-14	Dec-14	Mar-15
AUMs (US$ bln)^	79	96	92	129	165	173
No. of Funds	956	882	1,309	1,638	1,861	1,822

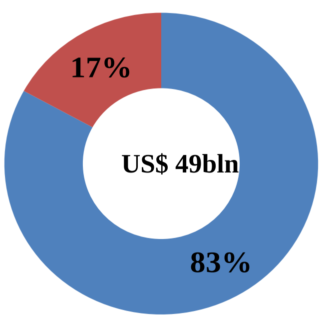
^Exchange rate as published on oanda.com for 31-Mar-2015 (US$ 1 = INR 62.53)

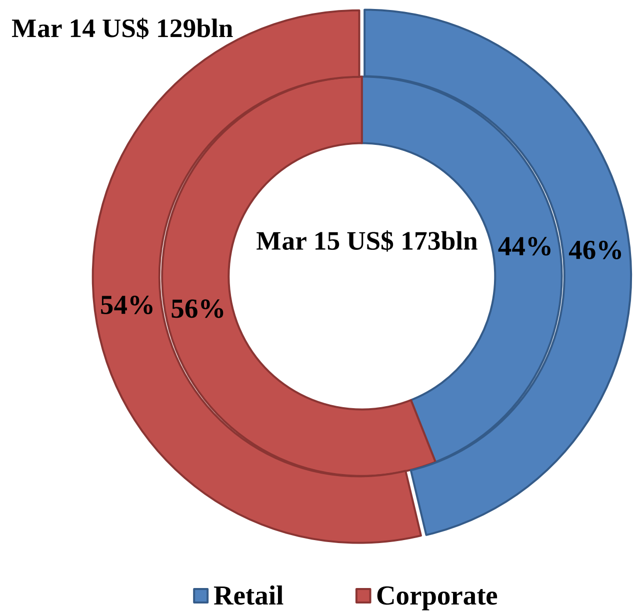
Investor Mix –Mar 15

Income

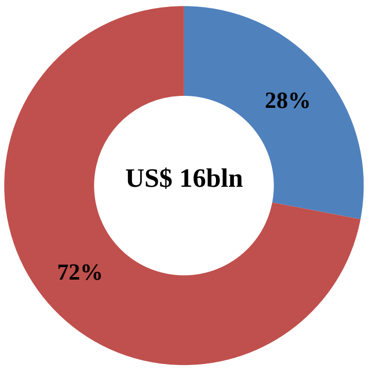


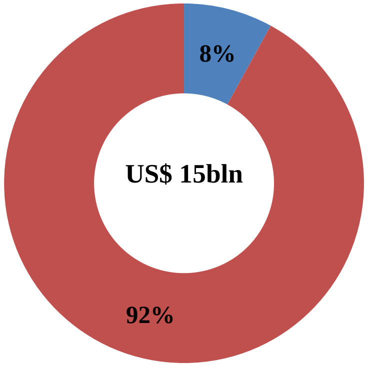
Equity





ETFs, FoFs





Largest Indian Asset Managers

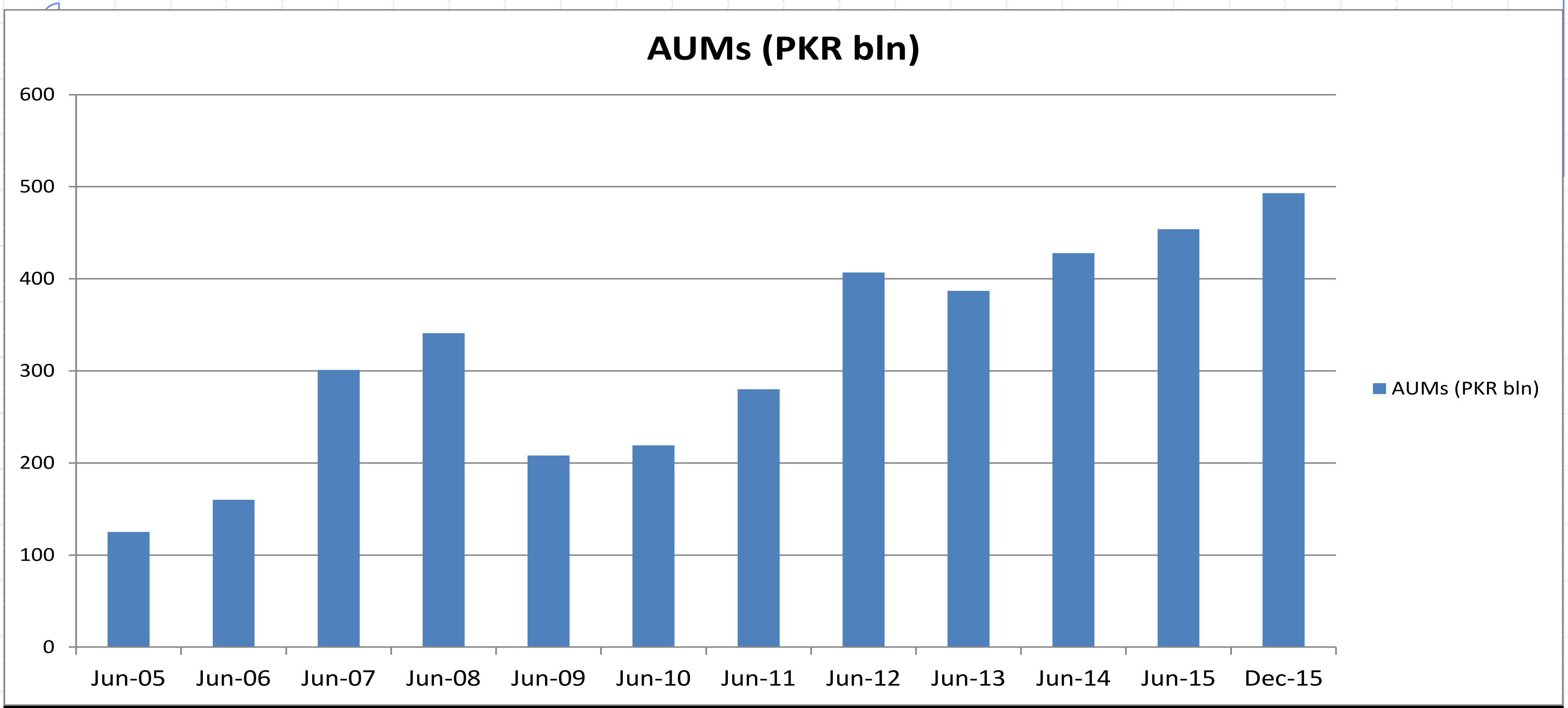
S/No.	AMC	Mar-13		Mar-14		Dec-14		Mar-15	
		AUMs	Mkt. sh	AUMs	Mkt. sh	AUMs	Mkt. sh	AUMs	Mkt. sh
1	HDFC Mutual Fund	16	13%	18	14%	24	14%	25	15%
2	ICICI Prudential Mutual Fund	14	12%	17	13%	21	13%	23	13%
3	Reliance Mutual Fund	15	13%	17	13%	20	12%	22	12%
4	Birla Sun Life Mutual Fund	12	10%	14	11%	17	10%	19	11%
5	UTI Mutual Fund	11	9%	12	9%	14	8%	15	8%
6	SBI Mutual Fund	9	7%	10	8%	11	7%	12	7%
7	Franklin Templeton Mutual Fund	7	6%	7	6%	10	6%	11	6%
8	IDFC Mutual Fund	5	4%	7	5%	8	5%	8	5%
9	Kotak Mahindra Mutual Fund	6	5%	5	4%	6	4%	6	4%
10	DSP BlackRock Mutual Fund	5	4%	5	4%	6	4%	6	3%
	Others	19	16%	17	13%	28	17%	26	15%
	Total (US$bln)	**119**		**129**		**165**		**173**	

Overview | Global Industry | Regional Industry | Domestic Industry

Pakistan –Asset Management Industry

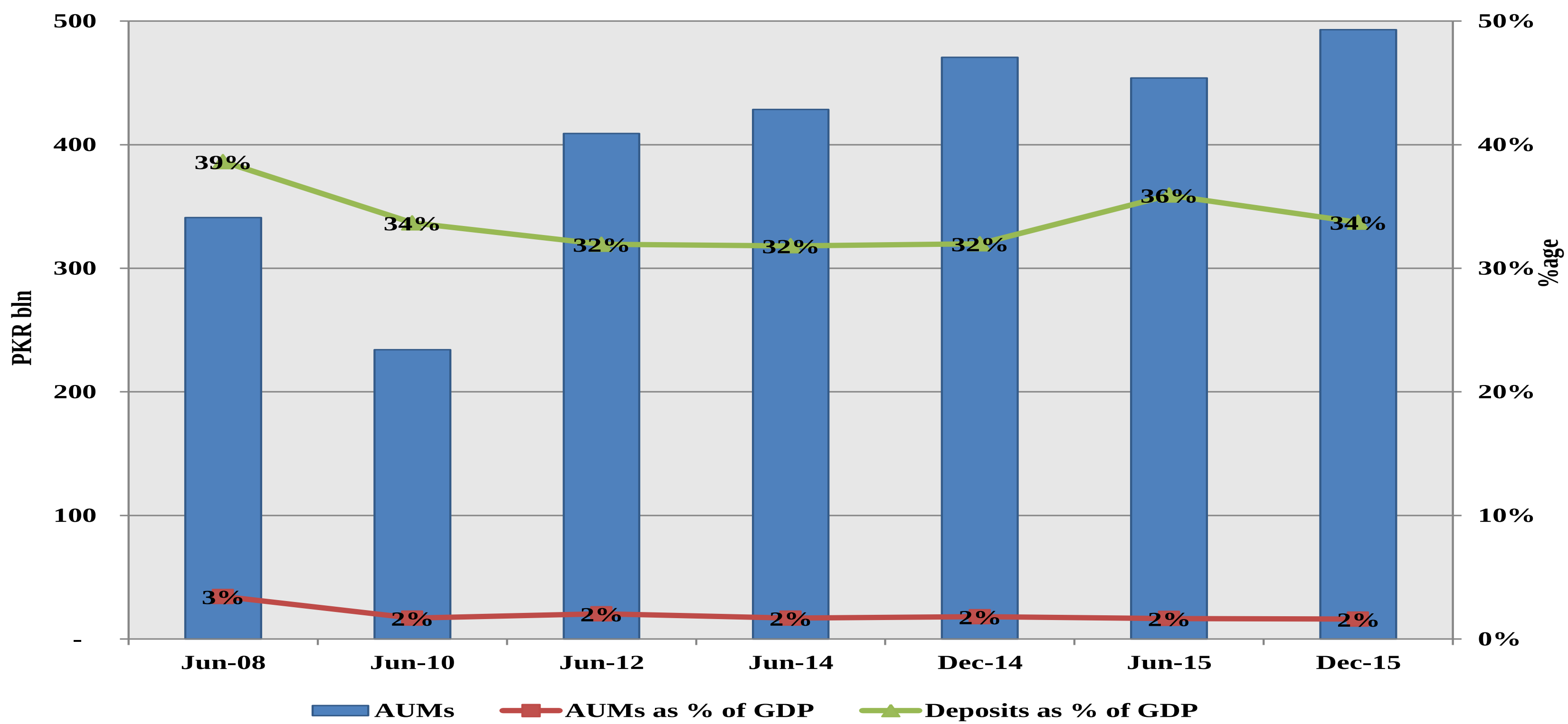
PICIC Asset Management Company Ltd.
Atlas funds Nurturing your investments
Bachat ka Doosra Naam MCB-Arif Habib Savings
NAFA National Fullerton Asset Management Limited
UBL Fund Managers
AKD Investment Management Ltd.
Habib Asset Management
NIT National Investment Trust Limited
Lakson Investments partner with confidence
Primus Investment Management Limited
Pakoman Asset Management
HBL Asset Management
Al Meezan Investments
ABL Asset Management
Alfalah GHP
JS Investments Managing Mutual Funds Better!

Asset Under Management



	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Dec-15
AUMs (PKR bln)	125	160	301	341	208	219	280	407	387	428	454	493

AUMs v/s Deposits



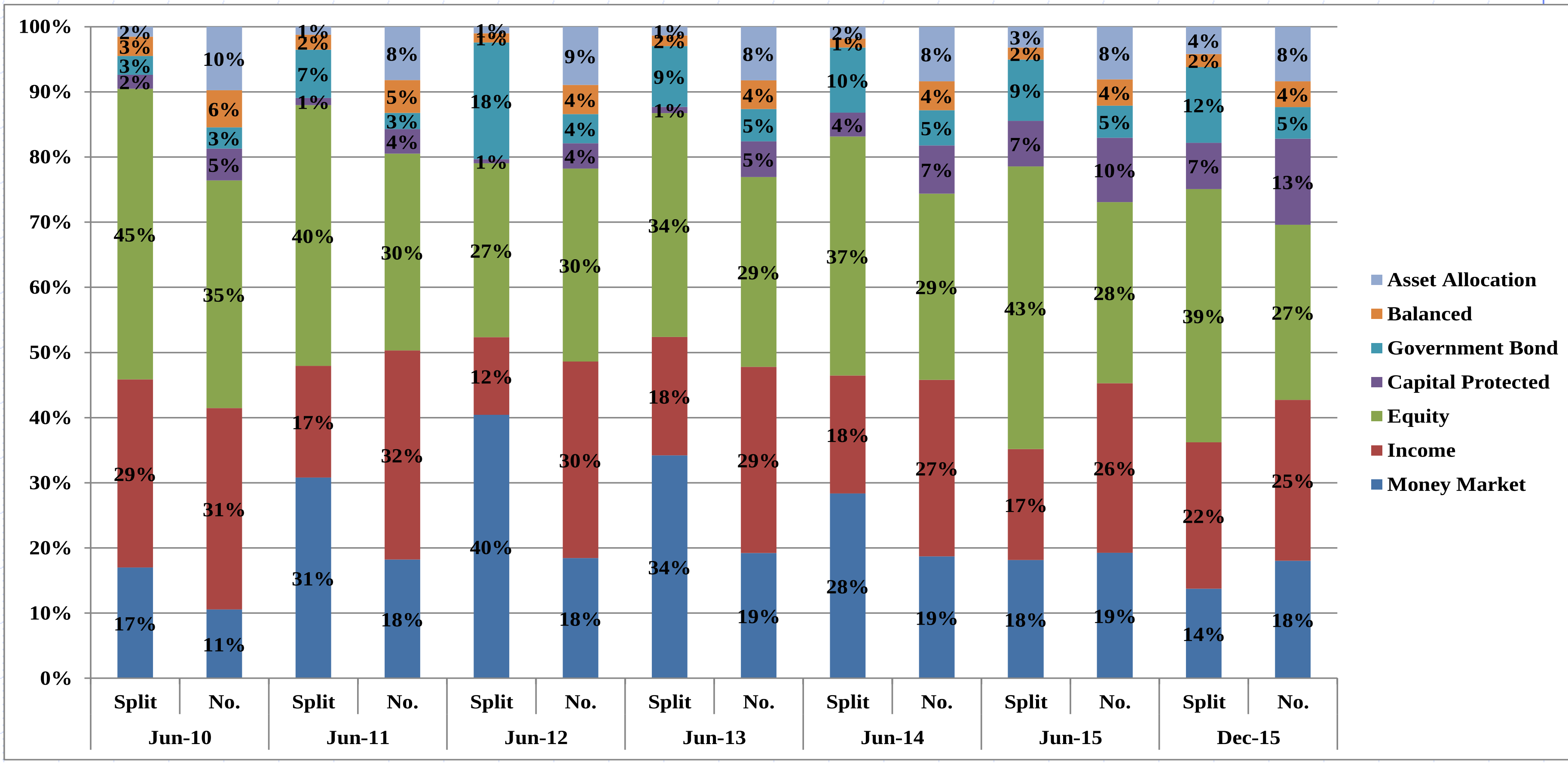
Figures in PKR bln	Jun-08	Jun-10	Jun-12	Jun-14	Dec-14	Jun-15	Dec-15
GDP	9,922	13,844	20,047	25,402	26,088	27,384	30,672
Deposits	3,832	4,661	6,403	8,082	8,342	9,835	10,343
AUMs	341	234	409	428	471	454	493

Regulatory Environment

Type of Investor	Money Market/ Income & Other Funds				Stock Funds			
	CGT		Cash Dividend		CGT		Cash Dividend	
	FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16
Banks	12.5% - 35%	35%	25%	35%	12.5% -35%*	35%	10%	35%
Insurance *	7.5% - 12.5%	7.5% - 15%	25%	32%	0% - 12.5%	7.5% - 15%	10% - 12.5%	32%
Corporates*	0% - 12.5%	25%	25%	25%	0% - 12.5%	10%- 12.5%	10% - 12.5%	10% - 12.5%
Individuals*	0% - 12.5%	10%	10%	10%	0% - 12.5%	10%- 12.5%	10% - 12.5%	10% - 12.5%

Minimum Capital Requirement	
Asset Management Services	PKR 200mln
Advisory Services	PKR 30mln

Category Wise Split



	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Dec-15
AUMs PKR bln	219	280	407	387	428	454	487
No.of funds	123	159	179	182	203	223	227

AMC Industry | Flow Analysis

PKR mln

Mar-15	FLOW ANALYSIS				
	Dec-14	Mar-15	Difference	Return	Mobilization
Money Market Funds	134,953	163,711	28,758	4,990	23,768
Inomce Funds	115,383	113,057	(2,326)	2,323	(4,649)
Gov. Bond Funds	177,894	154,445	(23,448)	(13,989)	(9,459)
Equity Funds	25,725	30,319	4,594	(894)	5,488
Others	16,801	18,875	2,074	(313)	2,387
Total	**470,756**	**480,408**	**9,652**	**(7,883)**	**17,535**

PKR mln

Jun-15	FLOW ANALYSIS				
	Mar-15	Jun-15	Difference	Return	Mobilization
Money Market Funds	163,711	119,740	(43,971)	2,942	(46,913)
Inomce Funds	113,057	82,412	(30,646)	2,270	(32,916)
Gov. Bond Funds	154,445	185,498	31,053	22,314	8,739
Equity Funds	30,319	31,722	1,403	2,241	(839)
Others	18,875	24,441	5,566	1,828	3,738
Total	**480,408**	**443,813**	**(36,595)**	**31,595**	**(68,191)**

PKR mln

Sep-15	FLOW ANALYSIS				
	Jun-15	Sep-15	Difference	Return	Mobilization
Money Market Funds	119,740	148,472	28,733	2,829	25,904
Inomce Funds	82,412	83,204	793	1,153	(360)
Gov. Bond Funds	185,498	173,802	(11,696)	(11,127)	(569)
Equity Funds	31,722	33,751	2,029	(347)	2,376
Others	24,441	27,678	3,237	(519)	3,756
Total	**443,813**	**466,908**	**23,095**	**(8,011)**	**31,106**

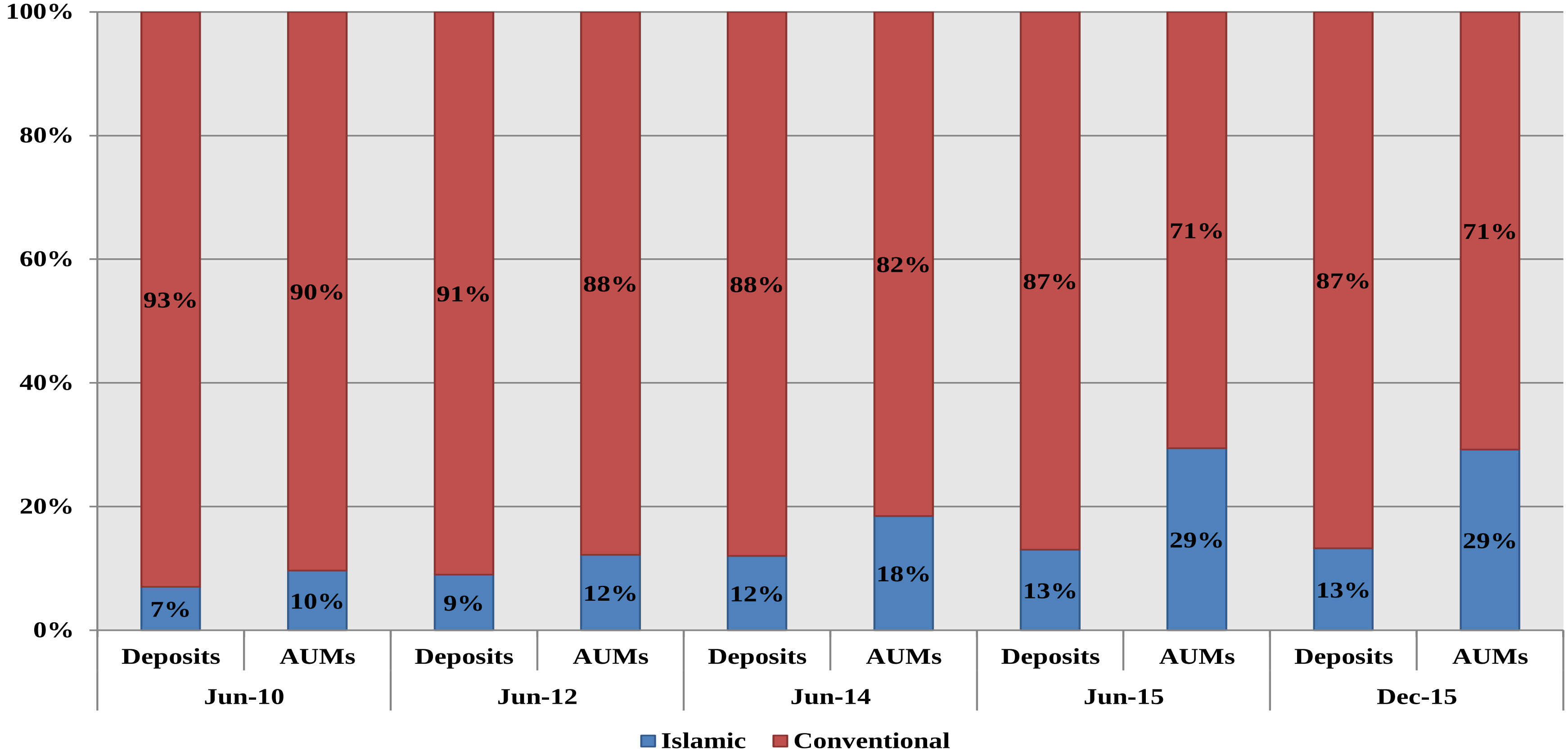
PKR mln

Dec-15	FLOW ANALYSIS				
	Sep-15	Dec-15	Difference	Return	Mobilization
Money Market Funds	148,472	165,796	17,324	2,399	14,925
Inomce Funds	83,204	67,106	(16,098)	1,040	(17,138)
Gov. Bond Funds	173,802	186,890	13,088	8,909	4,179
Equity Funds	33,751	34,685	934	764	170
Others	27,678	30,745	3,066	668	2,398
Total	**466,908**	**485,222**	**18,314**	**13,780**	**4,534**

Pakistan's Largest Asset Managers

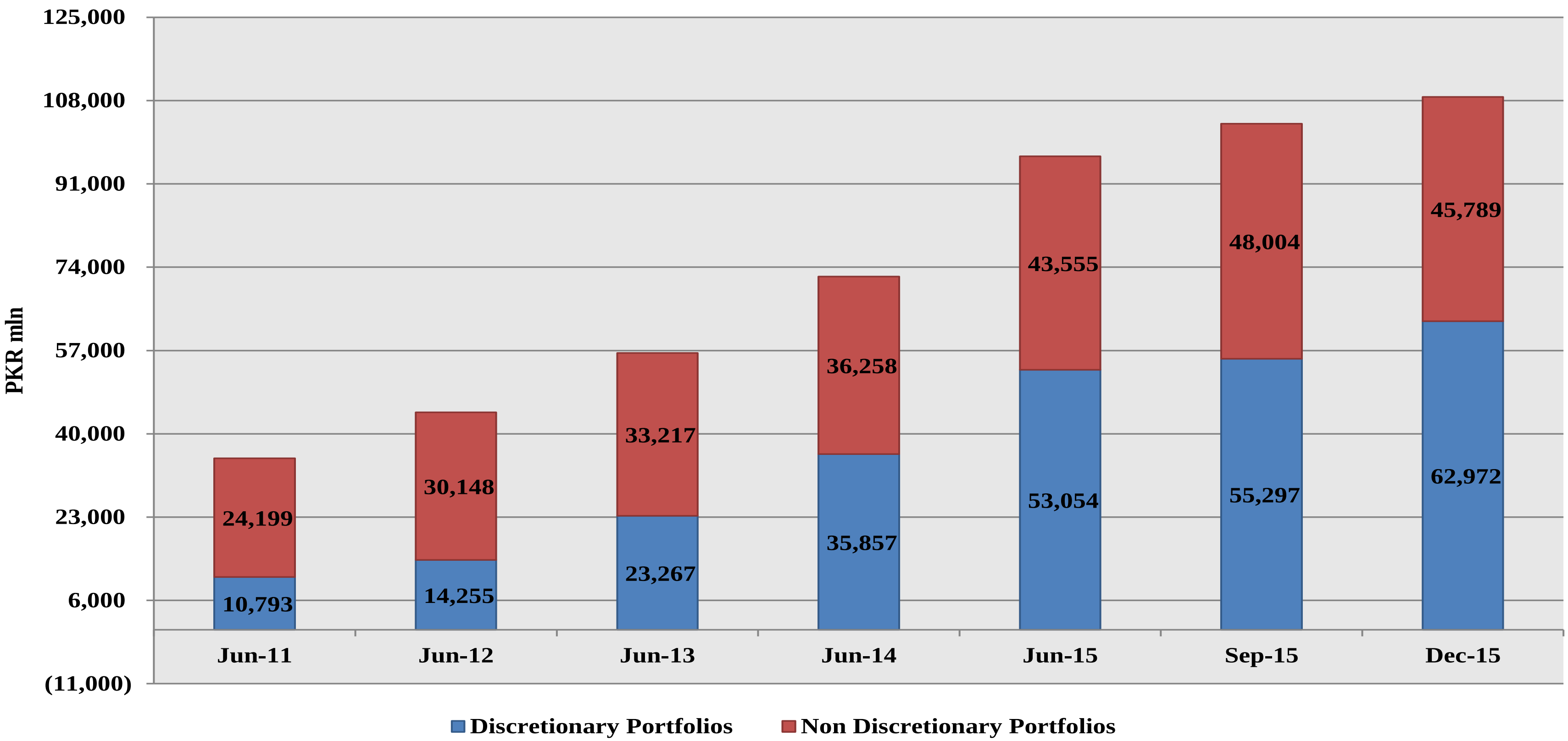
AMC Industry | Market Share | 3 Years at a Glance								
			Dec-13		Dec-14		Dec-15	
AMC	Rating	Rater	Total	Mkt.sh	Total	Mkt.sh	Total	Mkt.sh
Meezan	AM2+	JCR-VIS	47.251	11.46%	52.763	11.72%	66.228	14.43%
UBL	AM2+	JCR-VIS	36.219	8.78%	46.940	10.43%	48.236	10.51%
MCB-AH	AM2+	PACRA	39.08	9.48%	43.725	9.72%	49.414	10.77%
NAFA	AM2+	PACRA	41.805	10.14%	44.085	9.80%	40.881	8.91%
NIT	AM2	PACRA	86.62	21.00%	95.647	21.25%	87.661	19.11%
Allied	AM2	JCR-VIS	25.269	6.13%	28.770	6.39%	27.560	6.01%
PICIC	AM2-	JCR-VIS	22.688	5.50%	27.437	6.10%	23.521	5.13%
Alfalah	AM2-	PACRA	9.838	2.39%	15.530	3.45%	19.208	4.19%
HBL	AM2-	JCR-VIS	21.524	5.22%	19.022	4.23%	18.371	4.00%
Atlas	AM2-	PACRA	12.666	3.07%	16.456	3.66%	20.288	4.42%
Lakson	AM2-	PACRA	10.147	2.46%	10.612	2.36%	11.283	2.46%
JS	AM2-	JCR-VIS	12.596	3.05%	10.182	2.26%	8.835	1.93%
Askari	AM3+	PACRA	10.187	2.47%	9.254	2.06%	9.688	2.11%
Faysal	AM3+	JCR-VIS	8.236	2.00%	8.097	1.80%	8.830	1.92%
Primus	AM3	JCR-VIS	9.218	2.24%	8.102	1.80%	10.006	2.18%
AKD	AM3	PACRA	4.037	0.98%	4.022	0.89%	4.252	0.93%
Habib	AM3	PACRA	6.086	1.48%	5.009	1.11%	3.179	0.69%
BMA	AM3	PACRA	1.266	0.31%	0.618	0.14%	0.358	0.08%
KASB	AM3	JCR-VIS	2.89	0.70%	1.313	0.29%	0.000	0.00%
Pak Oman	AM4+	JCR-VIS	1.787	0.43%	1.534	0.34%	0.570	0.12%
National	AM4+	JCR-VIS	1.049	0.25%	0.925	0.21%	0.283	0.06%
First Cap	AM4+	PACRA	0.274	0.07%	0.031	0.01%	0.178	0.04%
Safeway	AM4+	JCR-VIS	1.691	0.41%	0.000	0.00%	0.000	0.00%
Total (PKR mln)			**412.42**		**450.07**		**458.83**	

Islamic v/s Conventional



Figures in PKR bln	Jun-10	Jun-12	Jun-14	Jun-15	Dec-15
Deposits	4,661	6,403	8,082	9,854	10,389
AUMs	234	409	428	454	493

Separately Managed Accounts



	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Sep-15	Dec-15
Discretionary Portfolios	10,793	14,255	23,267	35,857	53,054	55,297	62,972
Non Discretionary Portfolios	24,199	30,148	33,217	36,258	43,555	48,004	45,789
	34,992	**44,403**	**56,484**	**72,115**	**96,609**	**103,301**	**108,761**

Key Findings

- Domestic AMC market comparative size reflecting gap with global and regional markets.
- AUMs concentrated with few large AMCs in line with the global and regional trends.
- Investors preference towards Fixed Income Funds as compared to equity funds in contrast to the global trend.
- Investor facilitation and technological advancement lacks quality in comparison to banking sector resulting in reduced retail penetration.
- Islamic Funds & Separately Managed Accounts gaining momentum
- Innovative products help in increasing AUM base.

Risks

- Removal of Tax Arbitrage
- Retention of quality human resource
- Limited financial capability to invest in operating platform
- Attractive rates of national savings schemes

Opportunities

- Continuous support from regulator
- Increase retail investor awareness
- Enhanced focus on investment advisory to tap HNW
- Innovation in product development

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Analysts	**Rai Umar Zafar** **Manager Ratings** +92 42 3586 9504 rai.umar@pacra.com	**Usama Liaquat** **Financial Analyst** +92 42 3586 9504 usama.liaquat@pacra.com	**Sadaf Jamil** **Associate Analyst** +92 42 3586 9504 Sadaf.jamil@pacra.com

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